



307 Balfour Drive  
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## **Manager's Budget Message**

### **Fiscal Year 2023-2024 (FY24)**

Honorable Mayor  
Ward I Councilman  
Ward II Councilman  
Ward III Councilman  
Ward IV Councilman  
At Large Councilman  
At Large Councilman

Lewis Dorsett  
Larry Warlick  
Roger Blackwell  
Robert "Trey" Gray  
John Glass  
Kelly Grooms  
Tim Williams



Dear Mayor and Members of City Council:

Pursuant to Section 159-11 of the North Carolina General Statutes, I am pleased to present for your consideration the City of Archdale's proposed budget for Fiscal Year 2023-24 (FY24). This budget has been prepared in accordance with the North Carolina Local Government Budget and Fiscal Control Act. The budget is balanced and represents a continued effort to serve the citizens of Archdale in an efficient and sustainable manner.

The recommended fund budgets are as follows:

<i>FUND</i>	<i>MANAGER RECOMMENDED BUDGET</i>
General Fund	\$15,828,830
Water and Sewer Enterprise Fund*	\$7,276,615
Stormwater Enterprise Fund	<u>\$704,935</u>
<b>Total</b>	<b>\$23,810,380</b>

*\*includes W/S Capital Reserve Fund (\$3,030,000)*

**The proposed budget, as presented, is balanced using the current property tax rate of \$0.31 per \$100 of assessed valuation.** Based on current valuations, \$0.01 would generate \$151,557 of revenue in the proposed budget. Given that Randolph County completed a tax revaluation process in the past year, the calculated revenue neutral tax rate would be \$0.2420.



## **INTRODUCTION**

The FY24 budget represents a turning point for the City of Archdale. Years of planning and preparation have built a foundation worthy of the rewards ahead. Thanks to the efforts of a dedicated staff, input from supportive citizens, and the foresight of mindful elected officials, the City of Archdale is positioned to become a premier Piedmont Triad community to live, work, play, and raise a family.

In 2019, while celebrating the City's 50<sup>th</sup> anniversary, the City of Archdale kicked off a multi-year effort to plan for the City's next 50 years. As *Plan Archdale* began, it was acknowledged that this was not an effort designed to drive growth. Rather, growth was coming to Archdale, and strategic thought and planning was needed to ensure a stable and prosperous future for our citizens. Though COVID-19 slowed the initial adoption and implementation of *Plan Archdale*, it did not diminish the prospects for the growth and progress in our City.

As the pandemic waned, economic opportunities began to show themselves in our region. Large scale announcements for Toyota, Boom Supersonic, Wolfspeed, etc. have promised thousands of jobs and never before seen investment throughout the Carolina Core. These major industries will have a transformational impact on the local, regional, and state economies for years to come.

Just as importantly for Archdale, however, many existing businesses and industries have experienced growth and the need for expansion. Additionally, the housing market in Archdale is strong and growing. This diverse and strong foundation of local economic activity ensures our community can withstand future fluctuations in the national economy. Recent economic development announcements for Lancaster Custom Crafted Upholstery, Sumitomo Forestry, and Axium Packaging further strengthen Archdale's position in the future of the region.

Many of the low-hanging fruits of *Plan Archdale* have been picked and the foundations for long-term success have been laid. In FY24, large strides will be taken to meet the plan's over-arching goals. The proposed budget includes the expansion of recreational facilities and amenities which will be available for all citizens to enjoy for decades to come. Funding is included for the City to take a more active role in the future economic growth of our community. And major water and sewer infrastructure projects will begin in FY24 which will provide decades of service to the City.

The proposed FY24 budget focuses on fiscal responsibility and maintaining high levels of service. The most effective way to achieve these goals is the retention and attraction of talented and dedicated employees. The jobs offered by the City are demanding and require significant training and skill. It is difficult, especially in the current labor market, to replace established team-members. The loss of an employee is an expensive and time-consuming proposition that is best to be avoided.

Meeting the requirements of State issued permits for water distribution, sewer collection, and stormwater management remains paramount. Expenditures in FY24 are once again focused on preventative maintenance (PM) and preparing for future needs. Repairs and upgrades to targeted sewer lines and plans for water plant expansion will ensure sufficient future capacity for decades to come.

Below are some highlights of the proposed FY24 General Fund, Water/Sewer, and Stormwater budgets:

### **GENERAL FUND**

The General Fund supports traditional government services such as public safety, recreation, planning, and general administrative services. It is funded by ad valorem taxes, sales and use taxes, and locally generated fees such as solid waste collection, park rentals, program fees, zoning applications, etc. Highlights from the proposed budget are noted below:

#### **General Fund Revenues**

- Consumer spending remains strong. It is expected that this trend will continue in FY24 resulting in approximately \$4.5M in revenue from sales tax. While this funding source has grown substantially in recent years, it is important to be mindful that the state of North Carolina can alter the calculations for sales tax distribution. This revenue stream is not automatic.
- Ad Valorem tax revenues are anticipated to grow substantially as a result of the recent tax revaluation completed by Randolph County and the continued growth around the City. Ad Valorem taxes represent approximately 27% of the General Fund's revenue.
- State issued Powell Bill funds are utilized for ongoing street maintenance. This funding source has been on a slow decline for years, but new provisions in the adopted State budget paved the way for an increase in recent years. In FY24, \$350,000 in revenue is expected, which is slightly higher than projected in FY23.
- While taxes on telecommunications and video programming have been negatively impacted in recent years, revenue from the Utility Sales Tax should remain almost consistent with FY23.
- Parks & Recreation revenue expanded in FY23 as facilities reopened and programming offerings expanded. FY24 should show repeat success.
- While the Consumer Price Index (CPI) for Water and Sewer and Trash Collection increased over 5% in the past year, our new Solid Waste/Recycling contract (in process) includes a cap of 5% on increases. Revenue from Solid Waste and Recycling fees will

increase in the recommended budget due to customer base growth and a proposed \$0.50/cart garbage and \$.060/cart recycle rate adjustment to cover this increase.

- The City was awarded a total of \$950,000 in State Capital and Infrastructure (SCIF) grants in FY22 and FY23. Additionally, a \$3.6M water and sewer infrastructure appropriation grant of the State's American Rescue Funding was awarded in FY23. All of these monies are accounted for in separate multi-year grant funds, and therefore are not reflected in the proposed FY24 budget.

### **General Fund Expenditures**

- The cost of offering Health Insurance for employees will increase by 4.94% in FY24. The cost share for FTE staff will increase to \$40.70/month with participation in the wellness program. Costs for Dental, Vision, and Life AD&D are essentially unchanged.
- In an attempt to keep pace with social security increases and rising wages across all sectors, a 5% cost of living adjustment is proposed for full-time staff. Additionally, the FY24 budget reintroduces a longevity pay benefit for full-time team members.
- FTE staff level is increased by 4 in the recommended budget with the addition of the following positions:
  - GIS Administrator - Planning, Water/Sewer, Street, and Stormwater have all seen a dramatic increase in the collection and use of geographic information. Current staffing levels are unable to keep pace with the maintenance of this data or the creation of maps and data to benefit the community.
  - Program Assistant - Parks & Recreation seeks to re-establish a position vacated in previous years which will serve to support all recreation department members. This position gives flexibility to a department that works a varied and demanding schedule.
  - Park Keeper - This position is custodial/janitorial in nature and will replace contracted cleaning services for the Recreation Center and Senior Center.
  - Accounting Technician 1 - This position is an "overhire" intended to provide a smooth transition for the Finance Department in preparation of an upcoming retirement.
- The Facilities & Grounds and Parks & Recreation departments each seek to replace aging, failing pickup trucks. Used vehicles will meet these needs. Public Works will send two 2014 Ford Pickups to these departments and replace them with new vehicles. One will come from the Water/Sewer Fund and the other from Stormwater.
- Public Works proposes to replace a 24' equipment trailer and a 2010 lawnmower.

- Parks & Recreation seeks to implement Phase 1 of the Aldridge Park redevelopment project. Grant funds have been applied for to offset the anticipated costs of this project, which is expected to take 12-18 months.
- Expansion of the Recreation Center has been planned for several years and the FY24 budget proposal includes funds for initiating this project.
- Parks & Recreation intends to replace a UTV, add security cameras, and replace/add fencing within Creekside Park in FY24.
- The proposed budget includes funding for greenway maintenance. After years of more expansive widening and resurfacing efforts, the FY24 budget includes \$5,000 for targeted repairs.
- Facilities & Grounds will replace a lawnmower and add an aerator/seeder for lawn maintenance in FY24.
- The North Carolina Local Government Employees' Retirement System (LGERS) Board of Trustees amended the base employer contribution rates, effective July 1, 2023. The law enforcement rate will increase from 13.04% to 14.04%, while the non-law enforcement rate will move from 12.18% to 12.93%. This is a ~\$38,700 impact to the budget.
- In keeping with annual plans, the Archdale Police Department (APD) intends to place 3 new patrol vehicles on the road in the coming year. Patrol vehicles are in high demand and have proven difficult to find due to ongoing supply chain issues. Thanks to the efforts of APD staff and City Council's authorization, vehicles for FY24 have already been found and purchased. Therefore, the proposed budget only includes funds for the upfitting of these new cars.
- The APD seeks to expand its body-worn camera system and to replace the 911 call recording server in FY24. Additionally, this will be year 3 of 3 for handheld radio replacements.
- Major upgrades are planned in dispatch at the APD. Consolettes and consoles are due to be replaced in an effort to modernize the telecommunicator's workspaces.
- The APD expects to use Asset Forfeiture Program funds to purchase a new K-9 to replace Storm, who has retired.
- IT will replace servers, firewalls, access points, and switches across all facilities in the coming year. In addition to improved speed and network security, these upgrades will ensure compliance with CJIS and PCI standards. Computer equipment replacements and Software as a Service licenses touch every department.

- Audio/Video equipment in City Hall is over a decade old and becoming obsolete. Funds are appropriated in the FY24 budget to modernize equipment and replace failed components.
- The City's spring and fall clean up events continue to be wildly popular. The FY24 budget once again funds the two clean up weeks in addition to electronic recycling and document shredding events which have become expected public services for the citizens of Archdale.
- The City will continue its annual street paving program with \$350,000 of Powell Bill funding. It should be noted that management believes expansion of this annual allocation will be recommended in the coming years as the cost of asphalt contracts continues to rise. Funding is included in the proposed budget to have a new Pavement Condition Survey completed. This will be completed by an engineering consultant who will grade the City's streets and prioritize repairs and resurfacing needs.

#### **WATER AND SEWER ENTERPRISE FUND**

Revenue in the Water and Sewer Enterprise Fund has shown modest gains in recent years. Though residential, commercial, and industrial growth all seem imminent in our community, staff budget this fund conservatively in case unforeseen circumstances slow development.

The FY24 budget includes a proposed 4.5% increase in utility fees to defray increasing commodity costs and to support upcoming major capital expenditures. The effect of this increase on a minimum bill is shown below. Revenue in this fund is necessary to ensure State permit requirements are met for safe day-to-day operations of water distribution and sewer collection systems.

<i>Utility</i>	<i>Current</i>	<i>Proposed (4.5% increase)</i>
Water	\$17.02	\$17.78
Sewer	\$20.58	\$21.51
<i>Total</i>	<i>\$37.60</i>	<i>\$39.29</i>

\*represents a minimum bill of ≤ 2,000 gallons

The City of Archdale owns 1,559,000 gallons of treated water capacity per day from the Piedmont Triad Regional Water Authority (PTRWA). 915,000 gallons is billed on a 'take or pay' basis by the PTRWA and will essentially serve Archdale's daily needs. The balance is available and paid for as needed.

The City also owns a ~10% stake of the Eastside Wastewater Treatment Plant in High Point (2.5 MGD available) and all the City's wastewater is treated at this plant. Sewer system maintenance costs remain a priority in FY24. In addition to nearly 80 miles of gravity sewer

lines, the City owns 10 pump stations which require ongoing preventive maintenance (PM) to ensure Collection System permit compliance. The proposed budget continues aggressive PM on all the pump stations to minimize risks associated with pump failure. Specific highlights from the Water and Sewer Enterprise Fund budget follow:

- PTRWA has noted that annual rate increases are necessary to keep pace with costs. The rate proposed in FY24 reflects a 3.75% jump and results in a rate of \$1.21/1,000 gallons.
- Wastewater treatment costs at the Eastside Treatment Plant are increasing by 30.48% in FY24. This increase far exceeds expectations and puts added pressure on the fund as a whole.
- PM on the City's 10 sewer pump stations, generators, and automatic transfer switches will remain a priority in FY24. Efforts will continue to rehabilitate the wet wells of pump stations showing age and wear. This will extend the useful life of these valuable amenities.
- Water/Sewer staff have budgeted to purchase a truck replacement and a digital service line camera. The replacement of a portable generator (to run sewer pump stations during power outages) is a capital purchase that has been postponed as staff believe the current generator is still suitable for our needs.
- In an effort to minimize intrusion and infiltration (I/I) of stormwater into the sanitary sewer system, funds are proposed for making repairs to manholes and smoke testing strategic sewer line segments.
- The proposed budget sets aside funding to have the water system mapped and evaluated by an outside consultant (an Asset Inventory and Assessment) as well as having a utility rate study completed. Grant funding for this project was awarded to the City during FY23.
- Sewer line upgrades along major outfalls and water treatment plant expansion at PTRWA, both multi-year projects, will begin in FY24. Funds are also budgeted to proactively maintain the Weant Road sewer pump station.





- In addition to the funds budgeted for the purchase of water for distribution to the City's utility customers and treatment of wastewater, \$512,728 is included in this budget for interest and principal payments on the following: investment in the PTRWA, Davidson Water line purchase, and Eastside Wastewater Treatment Plant capital improvements.

### **STORMWATER ENTERPRISE FUND**

Stormwater utility fees are used to support compliance with Federal and State stormwater regulations. The revenue allows the City to perform maintenance and repairs to City-maintained stormwater pipes and ditches. Stormwater fees are also used to fund the costs of street sweeping, leaf and limb collection, citizen education/outreach, and the grinding of collected vegetative debris annually.

Since the origin of the stormwater program in 2008, no increases have been sought to the monthly utility fee. Once again in FY24, it is proposed that the utility fee remain unchanged. As a result, revenues are expected to show modest growth.

Funding from Stormwater will be used to replace a pickup truck and vacuum trailer.



## CLOSING

In closing, I wish to thank City Council for their ongoing support. Years of steady leadership and sound fiscal governance have positively impacted the future of our community. It is because of your foresight that Archdale is capable of taking on large projects that will have impacts on our community for years to come.

I also wish to express sincere gratitude to the City of Archdale employees for their commitment to providing exceptional service to our citizens. Each department brought well-developed budgetary requests and realistic expectations to this year's budget process. I particularly wish to thank Finance Director Lori Nurse, Deputy Finance Director Mark Barnhardt, and the entire Finance staff for their effort and dedication. We look forward to reviewing this document with Council and receiving public input. We are prepared to make adjustments that the Mayor and Council may recommend.

The following schedule is proposed for your consideration of the FY24 budget:

Wednesday, May 10, 2023

Tuesday, May 16, 2023

Wednesday, May 17, 2023

Tuesday, May 23, 2023

Budget Submitted to Council and Public

Budget Meeting #1 @ 8:30am at City Hall Training Room

Budget Meeting #2 @ TBD (if necessary)

Public Hearing on Budget/Targeted Adoption of Budget

Respectfully Submitted,



Zeb Holden, AICP  
City Manager



Police Chief David Jones and Deputy Finance Director Mark Barnhardt converse during budget preparation.